

**MACEDONIAN SECURITIES STOCK EXCHANGE  
AD SKOPJE**

**ARBITRATION RULES**  
**of**  
**THE MACEDONIAN STOCK EXCHANGE**  
**and**  
**THE CENTRAL SECURITIES DEPOSITARY**

<b>Date of adoption by the Board of Directors</b>	<b>Date of receiving of consent from the Securities and Exchange Commission</b>	<b>Date of beginning of implementation</b>
<b>October 7, 2006</b>	<b>February 12, 2007</b>	<b>March 3, 2007</b>

**Skopje, February 2007**

On a basis of article 83 from the Law on securities, the Statute of the Macedonian Stock Exchange, Decision no.02-1903/1 for adoption of the Arbitration rules of the Macedonian stock Exchange and Central Securities Depository dated 07.10.2006 as well as Decision no.02-396/1 for implementation of the comments given by the Securities and Exchange Commission to the text of the Arbitration rules of the Macedonian stock Exchange and Central Securities Depository, Board of directors of the Macedonian Stock Exchange on its XLVII session held on 19.02.2007 adopted the following clear text of the

## **Arbitration rules of the Macedonian Stock Exchange and Central Securities Depository**

### **I. General provisions**

#### **Article 1**

(1) This Rules regulates the manner of resolving the disputes among the members of the MSE and among the members of the MSE and their clients, as well as the disputes among the members of the CSD and among the members of the CSD and their clients on a justified, efficient and honor way.

(2) Disputes among the members of the MSE and members of the CSD are obligatory resolved through arbitration.

(3) Disputes among the members of the MSE and members of the CSD and their clients are resolved through arbitration only upon clients request.

(4) For the purpose of resolving the disputes stated in paragraph 2 and 3 of this article, MSE and CSD establish an Arbitrage commission.

#### **Article 2**

(1) Following terms used in this Rules shall have the following meaning:

- "Arbitration procedure"- shall mean a procedure for resolving disputes among the members of the MSE and/or among the members of the MSE and their clients as well as disputes among the members of the CSD and/or members of the CSD and their clients in front of the Arbitration commission;

- "Arbitration agreement" shall mean written agreement signed by each member of the MSE/CSD by which members of the MSE/CSD express their consent for resolving their disputes through an Arbitration procedure performed by the Arbitration commission;

- "Arbitrage clause" shall mean a clause contained in the client's agreement concluded between the member of the MSE/CSD and their clients by which is prescribed that

disputes among the member of the MSE/CSD and the client might be resolved in Arbitration procedures performed by the Arbitration commission, only upon client's request;

- "MSE" shall mean Macedonian Stock Exchange JSC Skopje;
- "CSD" shall mean Central Securities Depository JSC Skopje;
- "party in the dispute" shall mean a person who files the complaint (member of the MSE/CSD and/or client of the member) or the person against who the files was complained (member of the MSE/CSD);
- "MSE acts" shall mean: the Statute, Membership rules, Trading rules, Listing rules, Disciplinary rules, Tariff book, this Rules as well as all other decisions and acts brought on a basis of abovementioned rules;
- "CSD rules" shall mean: the Statute, Membership rules, Disciplinary rules, Tariff book, this Rules as well as all other decisions and acts brought on a basis of abovementioned rules;
- "Securities regulation in the Republic of Macedonia" shall mean: the Law on securities, Law on investments funds, Law on takeover, other laws in the parts that regulates operation with securities and secondary regulations arising from the above laws.

(2) For the purpose of this rules, if otherwise defined, all other terms shall have the same meaning as defined in the Law on Securities, MSE rules and CSD Rules.

## **II. Arbitration commission**

### **Authority of the Arbitration commission**

#### **Article 3**

(1) Arbitration commission is an autonomous institution established within the MSE and CSD which is competent for resolving the disputes among the members of the MSE and/or among the members of the MSE and their clients as well as disputes among the members of the CSD and/or members of the CSD and their clients in a procedure prescribed by this Rules.

(2) Arbitration commission performs its work independently.

### **Composition of the Arbitration commission**

#### **Article 4**

(1) Arbitration commission is composed of five (5) members, one of which serves as a president.

(2) Two members are elected by the Shareholders Assembly of the MSE upon proposal of Board of directors of the MSE and other two members are elected by the Shareholders Assembly of the CSD upon proposal of Managerial board of the CSD.

(3) The president of the Arbitration commission is elected by the Shareholders Assembly of the MSE and Shareholders Assembly of the CSD upon prior mutual proposal of the Board of directors of the MSE and the Managerial board of the CSD.

(4) The mandate of all members of the Arbitration commission equals four (4) years.

(5) Members of the Board of directors of the MSE and the Managerial as well as Supervisory board of the CSD can not be nominated for the members of the Arbitration commission.

(6) For serving the position member of the Arbitration commission a candidate who has prior professional experience in the field of jurisdiction, economy or operating with securities may be proposed. One of the members of the Arbitration commission must have prior professional experience in the field of jurisdiction.

(7) The president leads the meetings of the Arbitration commission, represents it in a relationships with other physical and legal persons as well as in a relationships with other authorized institutions.

(8) Arbitration commission shall held its meeting if at least three (3) members attend. In a case of absence of the president, the attending members elect a chairman who leads the meeting.

### **Administrative and supporting services**

#### **Article 5**

MSE and CSD provide administrative and supporting services towards Arbitration commission operation.

### **Headquarters of the Arbitration commission**

#### **Article 6**

The headquarters of the Arbitration commission is located in the headquarters of the MSE. With due notice to parties in the disputes, Arbitration procedure may be convened in any other place deemed appropriate or convenient.

### **Applicable legislation**

#### **Article 7**

While deciding in the Arbitration procedure, Arbitration commission is obliged to apply provisions from the Securities legislation in the Republic of Macedonia as well as MSE and CSD rules.

**Arbitration agreement/clause**  
**Article 8**

(1) For the purpose of solving disputes among the members of the MSE and CSD through an arbitrage according to the Law on Securities, members of the MSE and CSD are obliged to signed the Arbitration agreement.

(2) Resolving the disputes among the member of the MSE and their client or among the member of the CSD and their client through an arbitrage upon request by the client according to the Law on Securities is determined by signing a client's agreement which contains Arbitration clause.

**INITIATING OF AN ARBITRATION PROCEDURE**

**Filing complaint for initiating an Arbitration procedure in front of the Arbitration  
commission**  
**Article 9**

(1) An arbitration procedure is initiation by filing a complaint by the member of the MSE/CSD and/or member's client.

(2) The complaint from paragraph 1 of this article is address to the MSE or CSD.

(3) Within one (1) working day from the day the compliant is received, the MSE or CSD forward it to the person against whom the complaint is filed through registered mail.

(4) The person who files the complaint is obliged to stated in the complaint all facts and evidence which can prove the existence of a dispute with the person against whom the complain is files.

(5) The complaint from paragraph 1 of this article shall contain at minimum:

- full name and address of the person who filed;
- full name and address of the person against who the procedure is initiate;
- subject of the dispute;
- reference to the grounds for resolving disputes through an arbitrage.

(6) In addition to the complaint from paragraph 1 of this article, the person who files the complaint is obliged to submit the agreement which regulates the disputes resolution through an arbitrage.

(7) Within one (1) working day from the day the compliant is received, MSE or CSD are obliged to inform the members of the Arbitration commission for receiving the complaint.

(8) The Arbitration procedure begins on the day the person against whom the procedure is initiated receives the request for resolving the disputes in front Arbitration commission.

### **Answering complaint Article 10**

(1) The party upon whom a complaint is served has a right to submit an answer to it within seven (7) days from the day the complaint was received.

(2) The answer to complain shall be submitted to MSE or CSD which shall further forward it to the person who filed the complain.

(3) Immediately, but no later that one (1) working day from the day the answer to the complain is received, MSE or CSD are obliged to distribute the complaint and answer to it along with all other materials to the Arbitration commission, personally or by registered mail.

(4) In a case of non filing an answer to the complaint within the period prescribed in paragraph 1 of article 10, MSE or CSD are obliged immediately but no later that One (1) working day from the expiration day to distribute complain along with all other materials to the Arbitration commission, personally or by registered mail.

### **Changing or amending to the complaint or the answer of it Article 11**

(1) The complaint or the answer to it might be changed or amended by the parties during the Arbitration procedure.

(2) If Arbitration commission considers that changes and amendments from the paragraph 1 of this article shall unreasonably prolong the procedure, it shall reject them.

### **Session of the Arbitration commission Article 12**

(1) The Arbitration commission must convene its session on which both parties shall be questioned within a period of fifteen (15) days from the day the complaint or the answer to it along with other materials are received.

(2) The MSE or CSD shall send written notification by registered mail to the parties in the dispute notifying the time and the place of convening the session of the Arbitration commission.

**Party Representation**  
**Article 13**

Any party of the Arbitration procedure may appointed its legal representative, with prior written notification for appointment of such representative to the MSE or CSD, with notarized proxy for the identity of the representative, at least one day before the session is convened.

**Session of the Arbitration commission**  
**Article 14**

(1) On the beginning of the session, the party that files the complaint exposes facts on which the complaint is based and explains reasons for initiating Arbitration procedure and afterwards an opportunity to the party against whom the complaints is given for undisturbed exposure during which the party shall explain all circumstances that burthen and presents all fact in his/her defense.

(2) During hearing both parties are granted rights to propose witnesses and evidences if consider relevant for dispute resolution. A notification for the witnesses invited to testify shall be given to the other party and to MSE in the period of two (2) working days prior to session is convened.

**Absence of the party**  
**Article 15**

(1) The session for hearing the parties shall be held in the absence of any party against whom the complaint is filed if such party has received due notice for attending personally or through its legal representative. In a case of absence of a party that filed the complaint without reasonable justification for such absence, the complaint shall be deemed withdraw.

(2) Notwithstanding paragraph 1 of this article, the session of the arbitration commission shall be postpond for at maximum fifteen (15) calendar days if one of the party notify the MSE for its reasonable absence.

**Minutes**  
**Article 16**

During session of the Arbitration commission, a minutes signed by the parties, members of the Arbitration commission is maintained by a person employed in the MSE or CSD, who also signed it.

## **Arbitration decision**

### **Amicable dispute resolution**

#### **Article 17**

- (1) In a case both parties achieve an agreement for amicable dispute resolution during Arbitration procedure, the Arbitration commission shall cease the procedure.
- (2) Upon request by the parties, the Arbitration commission may bring an arbitration decision based on prior achieved agreement.
- (3) If Arbitration commission considers the content of the amicable dispute resolution contrary to the provision of the securities legislation and MSE acts it shall refuse the request of the parties for bringing arbitration decision according to paragraph 2 of this article and the procedure shall continue.
- (4) The arbitration decision based on the agreement according to paragraph 1 of this article shall be reached in accordance to the provisions from the article 18 of this Rules and it shall be stated that such arbitration decision has the same legal nature and power as any other arbitration decision.

### **Form and content of the arbitration decision**

#### **Article 18**

- (1) After hearing of both parties and witnesses is completed and evidences are exposed, according to article 14 of this Rules, Arbitration commission shall declare the hearing close and step forward towards bringing arbitration decision.
- (2) The arbitration decision is reached with majority of the members of Arbitration commission attending the session. In a case of equal votes diversification, the casting is the vote of the president or in a case of president absence, the vote of the chairman of the session. The arbitration decision is in written form which contains explication for the grounds for such decision making and it is obligatory signed by the members of the Arbitration commission attending the session.
- (3) The arbitration decision contains date when such decision is made and place of convening the arbitrage.
- (4) After decision making by the Arbitration commission, MSE or CSD must deliver the arbitration decision to each party personally or by registered mail.
- (5) The arbitration decision reached by the Arbitration commission is final and binding for the parties and they are obliged to fulfill the obligations stated with no delay.
- (6) An appeal against decision reached by the Arbitration commission is not allowed.



(7) An complaint for nullification of the arbitration decision may be filed to the competent court in the Republic of Macedonia.

### **Completion of the Arbitration procedure**

#### **Article 19**

(1) The Arbitration procedure shall be completed by reaching an arbitration decision according to article 18 or by a conclusion of the Arbitration commission brought according to the paragraph 2 of this article.

(2) The Arbitration commission shall bring a conclusion for completion of the arbitration procedure if:

- a party who files a complaint withdraws it, except in a case when a party against whom the complaint is filed objects the withdrawal and Arbitration commission considers that this party has justified interest for the final decision to be brought;
- the parties agreed on completion of the arbitration procedure according to the article 17 of this Rules;
- a party who files a complaint aside of timely invitation does not attend the session and does not justify its absence;
- Arbitration commission considers further continuation of the procedure unnecessary or impossible.

### **5. Expenditures of the Arbitration procedure**

#### **Deposit for opening the Arbitration procedure**

#### **Article 20**

(1) MSE and CSD determine a deposit for covering compensation of the members of the Arbitration commission as well as other expenditures of the procedure.

(2) A condition for opening or course of the Arbitration procedure in front of the Arbitration commission is placing a deposit from the paragraph 1 of this Article by the party who files a complaint in a period of no longer than ten (10) calendar days from the day the complaint is filed i.e. within one (1) working from the day an answer of the complaint is received.

(3) The amount of deposit from paragraph 1 of this article is 70.000,00 denars and shall be disperse on following manner:

- 10.000,00 denars for each member of the Arbitration commission;
- 20.000,00 denars for covering the expenditures that arise during the procedure.

(4) The deposit is placed by the party who files the complaint. If the arbitration decision is in favor for the party who filed the complain, it obligatory contains a provision that impose obligation for the party who lost the case to compensate the deposit from

paragraph 1 of this article to the opposite party within certain period of time. Upon request by the winning party, with arbitration decision impose obligation for the party who lost the case to compensate the expenditures for the legal representation of the opposite party in amount which can not exceed 20.000,00 denars.

(5) In a case the expenditures during the procedure exceed the amount of 20.000,00 denars set fort in the paragraph 3 of this article and the same are covered by the MSE or CSD, the party who lost the case is obliged according to the arbitration decision to refund the difference to the MSE or CSD in a certain period of time.

(6) If a deposit stated in paragraph 3 of this article not placed in a period set fort in the paragraph 2 of this article, the complaint shall be consider withdraw.

(7) The deposit stated in the paragraph 3 of this article shall be paid on a separate account of the MSE or CSD.

### **Interim and final provisions**

#### **Article 21**

(1) This rules shall enter into power on the day of its adoption and shall be implemented after expiration of thirty (30) calendar days from the day the approval of the Securities Exchange Commission is received.

(2) Licensed markets participants that acquired membership status at MSE or CSD up to date the period from paragraph 1 of this article expires, are obliged to signed the Arbitration agreement or to add the arbitration clause in the client's contracts according to article 8 of this rules, within 15 days.

**Board of directors**

**President**

**Zvonko Stankovski**